

Message Text

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ACTION NEA-13

INFO OCT-01 EUR-25 ISO-00 CIAE-00 DODE-00 PM-07 H-03

INR-10 L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03

SS-20 USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00

XMB-07 OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 FEA-02

AEC-11 INT-08 DRC-01 /200 W
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R 291945Z JAN 74

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 9355

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

AMEMBASSY JIDDA

AMEMBASSY TEHRAN

AMEMBASSY LONDON

AMEMBASSY PARIS FOR OECD

AMEMBASSY BEIRUT

C O N F I D E N T I A L NEW DELHI 1440

BEIRUT YOU ARE NOT AN ADDEE BUT PLEASE PASS TO
USINT BAGHDAD

E.O. 11652: GDS

TAGS: ENRG, IN, IZ

SUBJECT: ENERGY: OIL DISCUSSIONS WITH IRAQ

BEGIN SUMMARY: THE INDIAN TRADE DELEGATION WHICH MET WITH
IRAQIOFFICIALS JANUARY 13-17 CLAIMS TO HAVE MADE CON-
SIDERABLE PROGRESS IN CONVINCING IRAQI OFFICIALS THAT SOME SORT
OF DEFERRED PAYMENT SYSTEM WAS IMPERATIVE. DISCUSSIONS WILL
CONTINUE. END SUMMARY.

1. AN INDIAN PETROLEUM DELEGATION LED BY PLANNING MINISTER
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D.P. DHAR VISITED IRAQ JANUARY 13-17. ACCORDING TO PRESS REPORTS

THERE WAS FULL AGREEMENT ON IRAQU SUPPLIES OF CRUDE TO INDIA BUT ONLY LIMITED PROGRESS ON PRICE. ONE PRESS REPORT SARCASTICALLY CITED AN ALLEGED IRAQI OFFER TO REDUCE PRICES FROM \$17 TO \$15 PER BARREL DUE TO "FRIENDLY RELATIONS" AS AN UNBEARABLE STRAIN ON INDIA'S FOREIGN EXCHANGE POSITION. FURTHER PRESS REPORTS CITED THE NEED FOR GREATER INDIAN EXPORTS TO ASC INVESTMENTS IN IRAQ IN ORDER TO PAY FOR IMPORTS.

2. MEMBER OF INDIAN DELEGATION TOLD ECON COUNSELOR THAT IRAQ HAD APPARENTLY ACCEPTED INDIAN CONDITION THAT PRESENT PRICE LEVEL WAS IMPOSSIBLE BURDEN FOR INDIA. IRAQIS HAD POINTED OUT, HOWEVER, THAT SPECIAL PRICE FOR INDIAN WAS IMPOSSIBLE AND THAT INDIAN SITUATION WOULD HAVE TO BE EXAMINED IN CONTEXT OF OVERALL ARRANGEMENT FOR DEVELOPING COUNTRIES.

3. IRAQIS WERE PREPARED TO ACCEPT A DEFERRED PAYMENT SYSTEM WITH MORATORIUM ON PAYMENTS FOR SEVERAL YEARS DUE TO IRAQI INABILITY ABSORB LARGE AMOUNTS FOREIGN EXCHANGE. THEY WOULD NOT ACCEPT LONG TERM PAYMENT ARRANGEMENTS, E.G. 40 YEARS, AS SUGGESTED BY INDIANS.

4. IRAQI WILLINGNESS TO CONSIDER PRICE REDUCTIONS AND/OR DEFERRED PAYMENTS HEAVILY INFLUENCED BY THEIR CONSIDERATION ON IRANIAN POSITION. IRAQ WAS UNPREPARED TO MAKE ANY CONCESSIONS BELOW IRANIAN PRICE/TERMS LEVELS. INDIANS CONTINUE TO CONSIDER IRAN IS MOST DIFFICULT COUNTRY TO DEAL WITH AND PRIMARY CAUSE OF PRICE INCREASE.

5. INDIAN-IRAQI DISCUSSIONS ADJOURNED WITH INDIANS TO COME UP WITH SPECIFIC DEFERRED PAYMENTS PROPOSAL. FROM INDIAN POINT OF VIEW AIM WILL BE TO PROVIDE "BREATHING ROOM" OVER NEXT FEW YEARS.
SCHNEIDER

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Message Attributes

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Disposition Date: 28 MAY 2004
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30 JUN 2005

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